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FLOOR

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SUPPLEMENTAL APPROPRIATIONS FOR FY 2002/RAISING THE DEBT CEILING

Today, the House is scheduled to consider H.R. 4775, the FY '02 Supplemental Appropriations bill. As reported by the Appropriations Committee, the bill provides \$29.4 billion for military and defense needs in conjunction with ongoing activities in Afghanistan, homeland security efforts, assistance to New York and other activities. The bill includes \$1.7 billion in offsets (primarily from public housing accounts and from airline assistance programs enacted in response to the terrorist attacks of September 11) and would require that \$1.8 billion of the funds provided for defense activities – above the Administration's request – be requested by the President and declared an emergency before they could be spent.

A "YES" Vote on the Rule Is A Vote to Support Increasing the National Debt and Raiding Social Security

Considerable controversy exists regarding the recommended rule issued by the Rules Committee. **Democrats are urged to vote NO on the rule.**

One of the key flaws with the GOP rule is that, as a way to create a backdoor parliamentary maneuver for increasing the debt limit, it adds "full faith and credit" language to the bill that, according to committee sources, would allow an explicit, specific increase in the debt limit to be included in the final conference report. Specifically, the rule constructed by the Republican Leadership would automatically insert into the bill language that simply states, "The United States Government shall take all steps necessary to guarantee the full faith and credit of the Government." The Republicans are attempting to avoid a full debate and a clean, up-or-down vote on the issue of a debt limit increase.

With this rule, Republicans have broken faith with the commitment to the American people to fully safeguard Social Security. Democrats call on the GOP leadership to call off their open-ended raid on the Social Security Trust Fund and sit down with Democrats and the President to work out a bipartisan plan to protect Social Security and responsibly address the debt limit.

Specifically, when Democrats learned that the Republicans were going to add the issue of a debt limit increase to the supplemental appropriations bill, Reps. Moore, Spratt, and others sought to have an amendment made in order which would put us back on track toward a sound fiscal plan that would fully protect Social Security and responsibly deal with the need to increase the national debt limit. And yet the Republican Leadership denied Democrats' request to



FLOOR

floor

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make in order the Democratic approach to tying an increase in the debt limit to a plan to protect and strengthen Social Security.

In addition, the rule would automatically include in the bill: 1) language that would deem the House-passed budget level of \$759 billion be the FY '03 discretionary spending limit (this is \$9 billion less than the Senate Budget Committee approved level); 2) changes in trade law regarding textiles under the Caribbean Basin Economic Recovery Act and the Andean Trade Preference Act; 3) language to change how Medicare makes payments to hospitals in certain counties in Pennsylvania as well as redesignating Orange and Dutchess counties in New York for the purposes of Medicare reimbursement; and 4) language that ensures the Postal Service can continue to use the bypass mail system in Alaska on mainline routes and in the Alaskan bush country.

The GOP Is Attempting to Use A Backdoor Parliamentary Maneuver to Increase the Debt Limit

The failure of the Republican economic plan enacted in 2001 is evident in the need to raise the statutory limit on the federal debt now. Just one year ago, both CBO and the Administration's budget projections showed that there would be no need to increase the existing debt ceiling of \$5.95 trillion until 2008 or later. Now, after enacting the Republican \$1.8 trillion tax cut and the impact of the recession on federal revenues, the debt limit must be increased before the end of June, or the federal government will be forced to default on interest payments that are due by July 1.

House Republicans are trying to avoid voting to increase the debt limit, and are resorting to a stealthy parliamentary gimmick to include a reference to the debt limit, but not an actual increase in the supplemental appropriations bill. This will allow the actual increase to be inserted during the conference without a vote on it in the House.

Republicans have neither the desire nor a plan to stop the raid on Social Security that is represented by this increase in the debt limit. It is time to call a halt to their irresponsible fiscal policy and return to making Social Security the first priority.

Democrats are supporting an effort by Reps. Moore and Spratt, along with other Blue Dogs and New Democrats, to amend the bill with language that provides an immediate increase of \$150 billion in the debt limit – enough to fund the government through the end of fiscal year 2002. Future increases would be limited to \$100 billion unless there is agreement on a new budget plan that balances the budget excluding Social Security by 2007.

Democrats believe the time is now to return to fiscal sanity by increasing the debt limit while working on a new economic plan.



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Provisions of the Bill

Highlights of the bill include the following:

- \$15.8 billion for defense activities, \$1.8 billion of which is provided on a contingent basis and is primarily for National Guard and military reserve personnel costs and other operational costs such as spare parts and training;
- \$5.8 billion for homeland security efforts, primarily for activities to be conducted by the Transportation Security Administration;
- \$5.5 billion for New York to continue its activities to recover from the terrorist attacks of last September;
- \$1.4 billion for foreign assistance efforts, including \$370 million for disaster relief and other activities in Afghanistan and Pakistan; \$200 million to fight the global HIV/AIDS pandemic; \$200 million in assistance to Israel and \$50 million in assistance for the Palestinians;
- \$1 billion for Pell Grants;
- \$450 million to implement provisions of the pending election reform legislation;
- \$417 million for veterans medical care;
- \$300 million for worker training and assistance;
- \$75 million for the WIC (Women, Infant and Children) nutrition program;
- Language that would restore \$4.4 billion in FY '03 highway funding expected to be cut as a result of the annual funding adjustments required by the TEA-21 highway act;
- Language that would allow U.S. funds appropriated for Columbia's anti-drug efforts to be spent as part of anti-terrorism efforts; and
- Two provisions relating to funds previously appropriated for the United Nations Population Fund which the President has not yet spent -- one provision would require those funds be spent by July 10 unless it is determined that the UNFPA is engaged in illegal activities, and one provision that would continue to allow the President not to spend the funds even if such a determination is not made. (The recommended rule does not protect either provision from a point of order being raised that would strip them from the bill.)